

# **News From House Democratic Leader Nancy Pelosi**

**H-204, The Capitol, Washington D.C. 20515**

**February 21, 2003**

**Pelosi Contact: Brendan Daly/Cindy Jimenez, 202-225-0100**

**Spratt Contact: Chuck Fant, 202-225-5501**

**Embargoed until Saturday, February 22, 2003 at 11:06a.m.**

## **\*\*\* Media Advisory\*\*\***

### **Rep. John Spratt, Assistant to the Democratic Leader, To Deliver the Democratic Radio Response**

Congressman John Spratt (SC-05), Assistant to the House Democratic Leader, will deliver the Democratic Radio Response this **Saturday, February 22, 2003.**

Below is a transcript of his remarks in which Rep. Spratt, who is also the Ranking Member on the House Budget Committee, explains the problems with the President's budget proposal and the danger of returning to massive deficits.

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"Good morning, I'm John Spratt, lead Democrat on the House Budget Committee.

"This is a time of great challenge for our country, with threats abroad and at home. Whenever the nation has faced such challenges, all Americans, Democrats and Republicans, have pulled together. We stand together today, determined that America will prevail again.

"But on issues such as the economy and the budget, we can't close ranks or cut off debate, because we simply can't agree with the budget the President has sent us.

"President Bush took office with an advantage few presidents have enjoyed – a budget in surplus. Between 2002 and 2011, the surplus was estimated at \$5.6 trillion. Today, that surplus is gone.

"We warned two years ago against betting on a blue-sky estimate, going for tax cuts so large they left no margin for error. Events are bearing us out as we watch years of fiscal effort unravel.

"When the President came to office, Congress was looking for ways to invest the Social Security surpluses in Treasury bonds, so that within a decade, more than \$3 trillion, or most of the bonds outstanding, could be bought up. This would have made the Treasury almost debt-free, as 77 million Baby Boomers start to draw Social Security and Medicare.

"But under the President's budget, none of that debt will be bought back. The Administration has instead told Congress for the second time in less than a year that the national debt is about to hit its legal ceiling, and we have to raise the limit or see the government default.

"When the President took office, Congress was also debating ways to secure the surpluses in Social Security, so that they would never again be borrowed and spent. The Bush Administration said this would be the threshold condition of every budget they submitted. They have yet to reach that threshold. Under the budget they just submitted, they would borrow and spend *all* of the Social Security surplus over the next ten years.

"If we back out the surpluses in Social Security, the President's budget results in a deficit of more than \$400 billion, each year for the next five. These deficits, over five years, add up to more than \$2 trillion. And how would the government pay for this shortfall? By borrowing from Social Security.

"Faced with these deficits, the President does not propose a budget summit, as his father did in 1990, or any other plan or solution. All the budget offers is more of the same, particularly in the realm of tax reduction.

"The tax cuts passed back in 2001 took a bite of \$1.35 trillion out of the surplus. To get those tax cuts down to this amount, they were made to expire by the end of 2010. The President now wants to make these tax cuts permanent. If made permanent, revenues will be reduced by \$700 billion over the next ten years.

"On top of these tax cuts, the President wants \$600 billion more, half of which would go to exclude dividends from taxation.

"Together, these two tax cut measures would reduce revenues by as much as the first round of tax cuts, and since the surplus is now gone, every dollar to recover the reduction in revenues would have to be borrowed.

"The President chides Congress for spending, but his budget contains some right hefty increases itself.

"Defense spending would climb to almost \$400 billion next year, and on to \$500 billion by the end of the decade.

"The cost of war in Iraq and against terrorism is not included in this budget, but if included it could easily add \$50 to \$100 billion more.

"Homeland defense: a whole new account in the budget. The President calls for a modest increase, but everyone knows a lot more has to be spent before our homeland is secure.

"Roughly \$350 billion is all for Medicare prescription drug coverage over the next ten years, and that's hardly enough for bare bones coverage.

"We have no quarrel with many of these requests. In fact, we want a lot more for Medicare and for education. We *do* argue with the notion that we can have it all, and ignore the bottom line as if deficits don't matter.

"We thought it was risky to pass massive tax cuts before knowing that the surplus was going to materialize. Now that the surplus is gone, we think it's irresponsible to pile huge tax cuts on top of big spending increases with no plan ever of bringing the budget out of deficit.

"Democrats believe that deficits matter. We believe when government tries to have it all – guns, butter, and tax cuts too, and runs deficits as a result – we charge the costs to our children, and that's not right.

"That's why over the eight years of the Clinton Administration we bent every effort to balance the budget, and we succeeded. We moved the budget from a deficit of \$290 billion to a surplus of \$236 billion.

"We're ready to work with the Bush Administration on a budget that will move us back in that direction. But we're also ready to work against any budget that returns us to never-ending deficits and a mountain of debt.

"I'm John Spratt. Thanks for listening in."

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